

**State and Local Steering Committee
Meeting Summary
4/19/04**

Committee Members Present: Lt. Gov. Sally Pederson, Grant Veeder, Mary Burton, Cynthia Eisenhauer, Al Griffiths, Dick Heidloff, Joyce Jensen, Michael Ralston, J. Patrick White,

Others Present: Tom Bredeweg, Mary Christy (on behalf of Mark Wandro), Steve Ford, Josh Mandelbaum, Jim Nervig, Bill Peterson, Peter Beck, Bob Rafferty

- 1. Introduction by co-chairs Lt, Governor Sally Pederson and Grant Veeder.**
 - a. The timing of the meetings was noted as problematic, but with the legislature being in session, the legislators' ability to attend is hard to control. The Committee believed it was still worthwhile to proceed with the meeting.
 - b. Co-chairs asked encouraged members to RSVP for future committee meetings.

- 2. Local Government Innovation Fund**
 - a. Steve Ford, from the Department of Management, provided an overview of the Innovation Fund Committee's actions to date. The grant committee received 75 applications from local governments for the fund. There was good communication about the grants and loans, which led to great response from local governments.
 - b. Six of the applications were chosen for a loan or grant.
 - c. House amendment 8418 to SF 2298 modified the Innovation Fund by striking the line "up to 20% appropriated" allowing for distribution of all of the money to be provided as grants, as opposed to requiring at least 80% of the money to be awarded as loans.
 - d. The next meeting of the grant committee is Friday, April 30th
 - e. The Lt. Governor noted that the administration is supportive of the fund. Future funding will likely be dependent on the success of the current projects.
 - f. Repayment of loans occurs within five years at two percent interest.
 - g. There is no specific timeline for the projects that are funded. The timelines depend on the complexity of the project. Progress will be reviewed periodically.
 - h. The Committee believed regular updates on the Innovation Fund would be helpful.

- 3. Property Tax Reform – Presented by representatives of ISAC and the League of Cities.**

- a. Bill Peterson and Tom Bredeweg introduced and lead the discussion on this topic.
- b. Last year's legislation, SF692, which proposed to change the assessment to a square ft approach, is being abandoned. It did not do what supports of the legislation had hoped, mainly because it did not reflect differences in value between types of property (eg commercial vs agricultural). However, the problems within the current system remain, and the demand for reform continues.
- c. There is a lot of frustration surrounding this issue. There are thing we can do to make the system more simple and fair. I don't know if we can find this middle ground – the issue is easy to demigod. There are things at the local level we can suggest – such as alternate controls to property tax limitations. Currently, the limitations are not working the way they should. There is fear that taxes will jump, but we all have an interest in seeing them remain stable.
- d. ISAC and the League have committed to come up with an alternate solution to property tax limitations by December 1st.
- e. Cynthia Eisenhauer noted after the election will be a good time to sit down with all the parties to work together.
- f. Grant Veeder added that the one big problem is finding both equity and revenue neutrality in any property tax reform effort.
- g. Tom Bredeweg noted another issue is one of transparency. If a tax is levied, individuals need to know why this has happened. Simplification can help make this transparent and can add accountability and credibility to the process.
- h. Lt Governor Sally Pederson suggested that they look for the opportunity to lay the groundwork for something to happen. She inquired whether a new collaborative process could be initiated.
- i. Veeder noted that this body might be able to help achieve and pursue the opportunity. "We may have the beginnings of what we need here."
- j. In the past ISAC created a body that would address statewide taxation. One problem that often occurs that good ideas come out of the study but there is not follow through to bring this to the legislative bodies.
- k. Michael Ralston noted the history of tax studies that resulted from legislation is mixed, and suggested ISAC and the League work on a non-threatening package that can be presented.
- l. ISAC and the League of Cities is committed to produce a tax reform proposal to the legislature by December.
- m. As closure – Veeder noted that Bredeweg and Peterson will report to the Committee on the progress of the development of the tax reform proposal.

4. Freedom Communities

- a. The Freedom Communities initiative is designed to get the legislature to agree to offer flexibility as a way to empower local communities. This can, in turn, allow for innovations that we all have an interest in. We need to come up with a community that has a transparent tax structure and more

control over its functions, in return for giving legislature the improvements they are asking for

- b. This operates under the similar concept of Charter Agencies
- c. How do Charter Agencies work? Ralston, the Director of the Department of Revenue and a Charter Agency, explained “We wanted to be one of the innovators. We decided to go after generation of more revenue. We missed across the board cuts. We also don’t have to get permission for travel – it’s caused us to think more outside of the box. The process has only begun. It caused us to operate outside of our comfort zone, which is healthy.”
- d. Patrick White noted that the flexibilities that enable counties to merge a specific service, such as libraries easier, would be a more helpful approach, as opposed to needing to remake themselves in their entirety.
- e. Committee member are asked to think about another name for Freedom Communities. Smart Communities was suggested.

5. Service Designs, Best Practices and Govtmarket.com

- a. Service designs and best practices are on the web. The Public Strategies Group is setting up workshops around the state to collect and distribute more information and spur dialog. Websites include:
 - i. [Website Changed](#)
 - ii. www.govtmarket.com
 - iii. <http://iowa.regov.org>

Next Meeting is July 8th at 1pm. Location to be announced.